

County Executive's FY20 Operating Budget Forum Briefing

January 2019



Prepared by Montgomery County *Office of Management & Budget* and *Department of Finance*



County Executive's Priority Outcomes

1 Thriving Youth and Families

2 A Growing Economy

3 A Greener County

4 Easier Commutes

5 A More Affordable
and Welcoming County

6 Safe Neighborhoods

7 Effective, Sustainable
Government

Our Budget



Two Budgets **One County**

Operating Budget: **Services**

- ✔ K-12 education
- ✔ Community College education
- ✔ Public safety: Police, Fire, Courts, Corrections
- ✔ Transportation: Roads, Traffic, Bus
- ✔ Social Services: Health, Income Maintenance, other
- ✔ Environmental protection
- ✔ Parks, recreation, and libraries
- ✔ Land use planning and regulation
- ✔ Trash collection and disposal
- ✔ Economic development
- ✔ Debt Service

Capital Budget: **Facilities**

- ✔ Schools, College facilities
- ✔ Roads and bridges
- ✔ Water and sewer facilities
- ✔ Information technology infrastructure
- ✔ Libraries
- ✔ Police and fire stations
- ✔ General government facilities
- ✔ Funded primarily through the issuance of bonds (borrowing)

Operating Budget: Funds

Tax Supported

Excludes grants and services supported by fees and charges (non-tax supported funds)

Non-Tax Supported

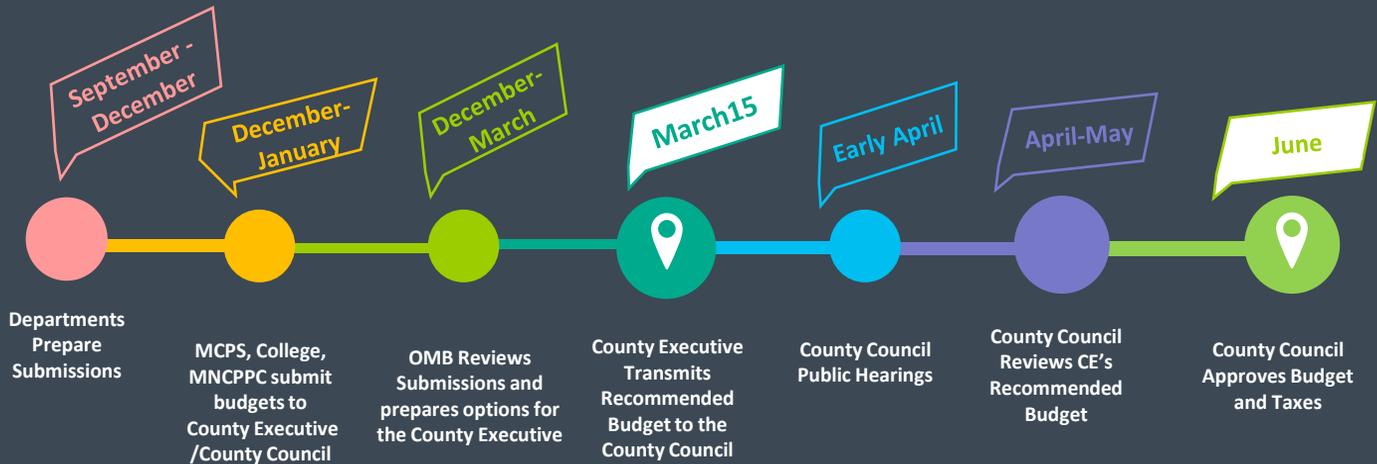
Funds are **self-sustaining** and generally not subject to fluctuations in tax receipts

Operating Budget: Funds

- ✔ General Fund
- ✔ Tax-Supported Funds (Special Revenue)
 - ✔ Economic Development Fund
 - ✔ Fire Tax District Fund
 - ✔ Mass Transit Facilities Fund
 - ✔ Recreation
 - ✔ Revenue Stabilization Fund
 - ✔ Urban District (Bethesda, Wheaton, Silver Spring)
- ✔ Non-Tax Supported Funds (Special Revenue)
 - ✔ Cable Fund
 - ✔ MHI Fund
 - ✔ Water Quality Protection Fund
 - ✔ Grant Funds

- ✔ Internal Service Funds
 - ✔ Central Duplicating
 - ✔ Motor Pool Fund
 - ✔ Employee Health Benefits
 - ✔ Liability and Property Coverage Self-Insurance Fund
 - ✔ Debt Service Fund
- ✔ Enterprise Funds
 - ✔ Liquor Fund
 - ✔ Parking Lot District (Silver Spring, Wheaton, Bethesda)
 - ✔ Community Use of Public Facilities
 - ✔ Permitting Services
 - ✔ Leaf Vacuuming Collection
 - ✔ Solid Waste Collection/Solid Waste Disposal

Operating Budget Process



Fiscal Update

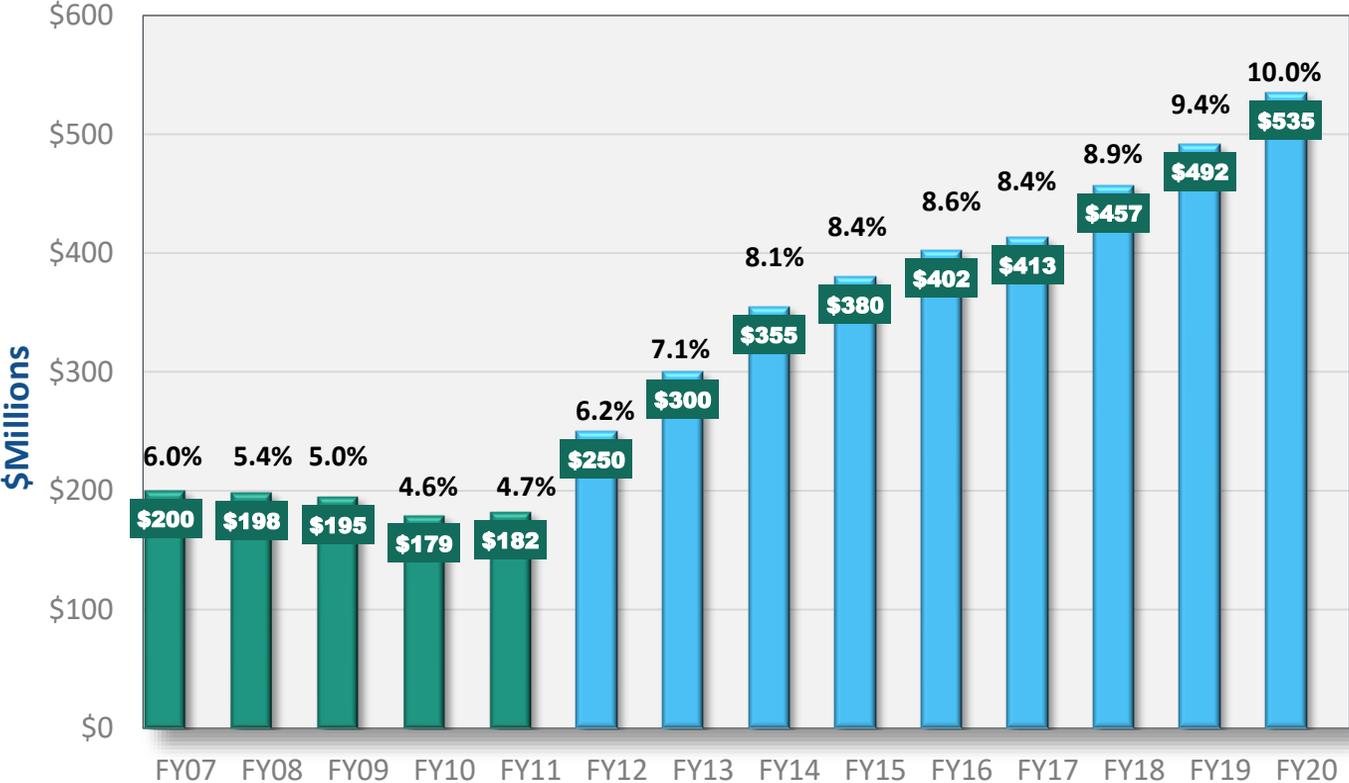


Fiscally Responsible Government

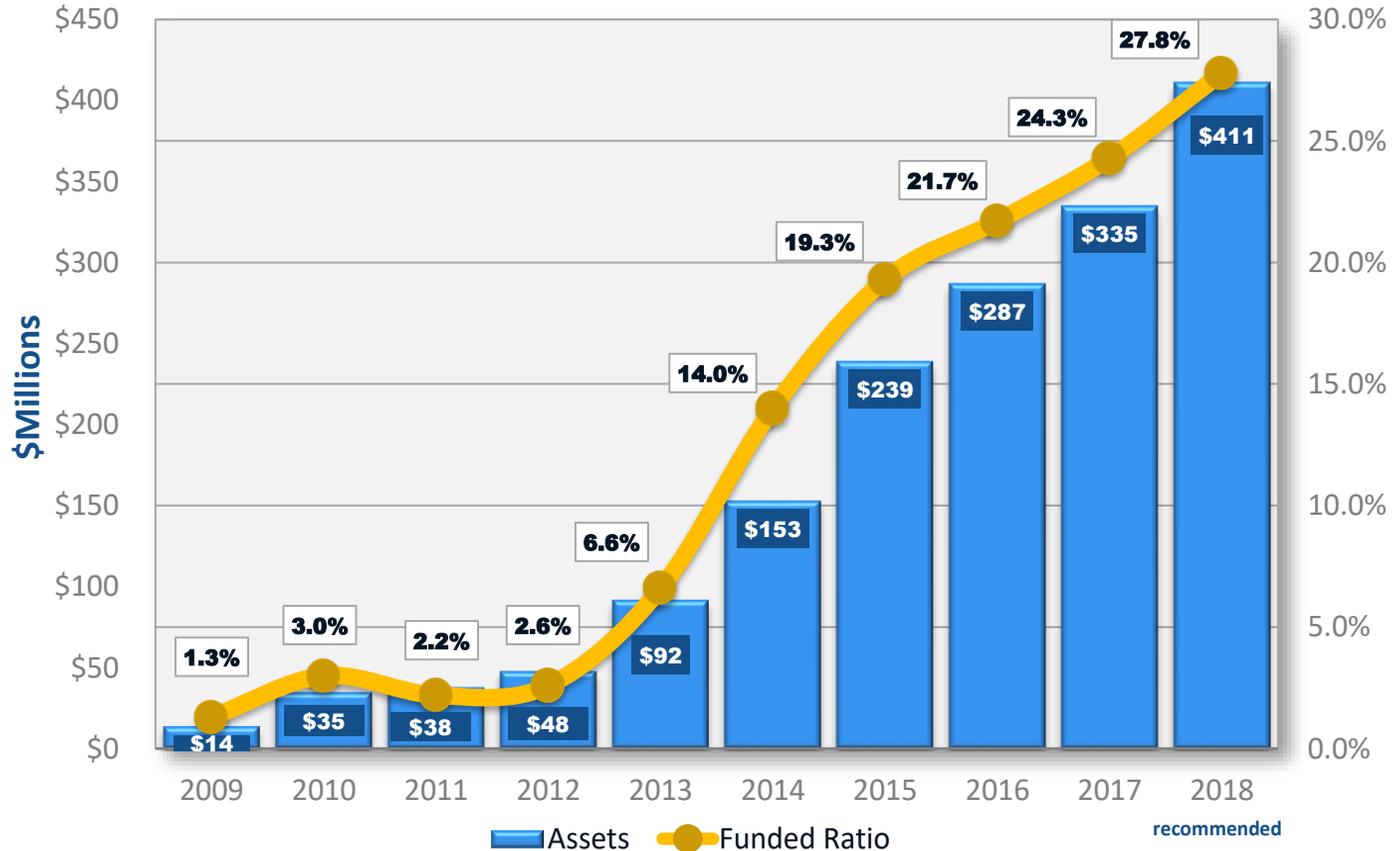
Montgomery County is **focused on financial sustainability**

- ✓ Requirement of a balanced budget in spite of revenue volatility
- ✓ Slow down debt and the rate of growth in expenditures
- ✓ Reserve contribution target goal is 10% of adjusted governmental revenues by 2020
- ✓ Prefunding for Retiree Health Insurance (OPEB) and pension
- ✓ Initiating a 10-year financial plan

Budgeted Reserves By Year

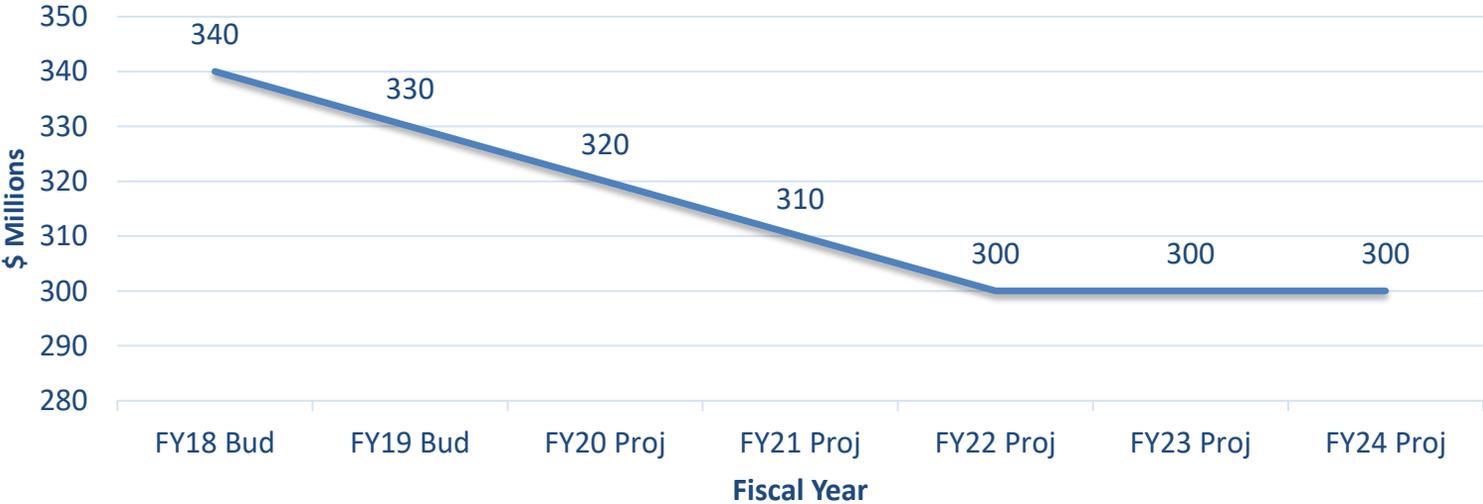


Required Retiree Health Trust Contribution



Fiscal Projection

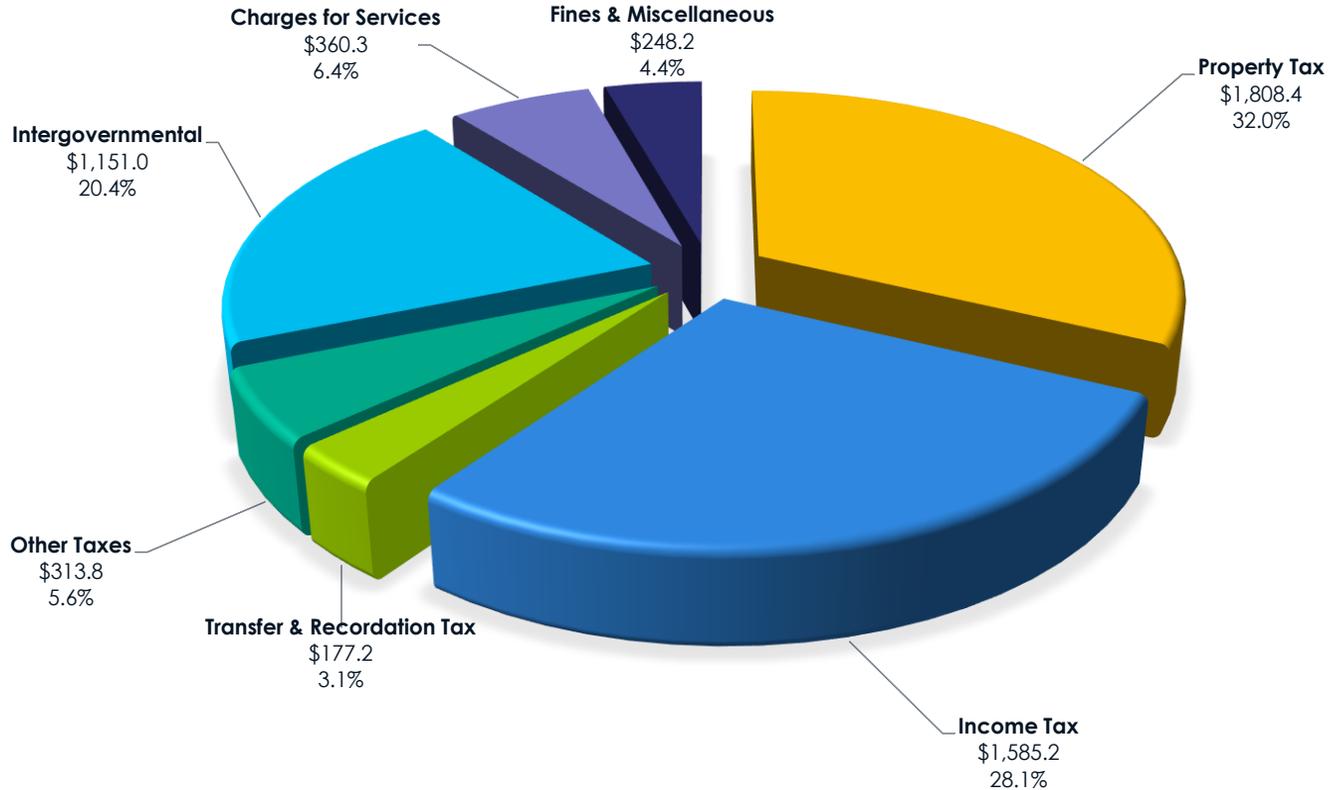
GO Bond Borrowing - FY18 Budget to FY24 Projection



FY19 Approved Revenues (millions)

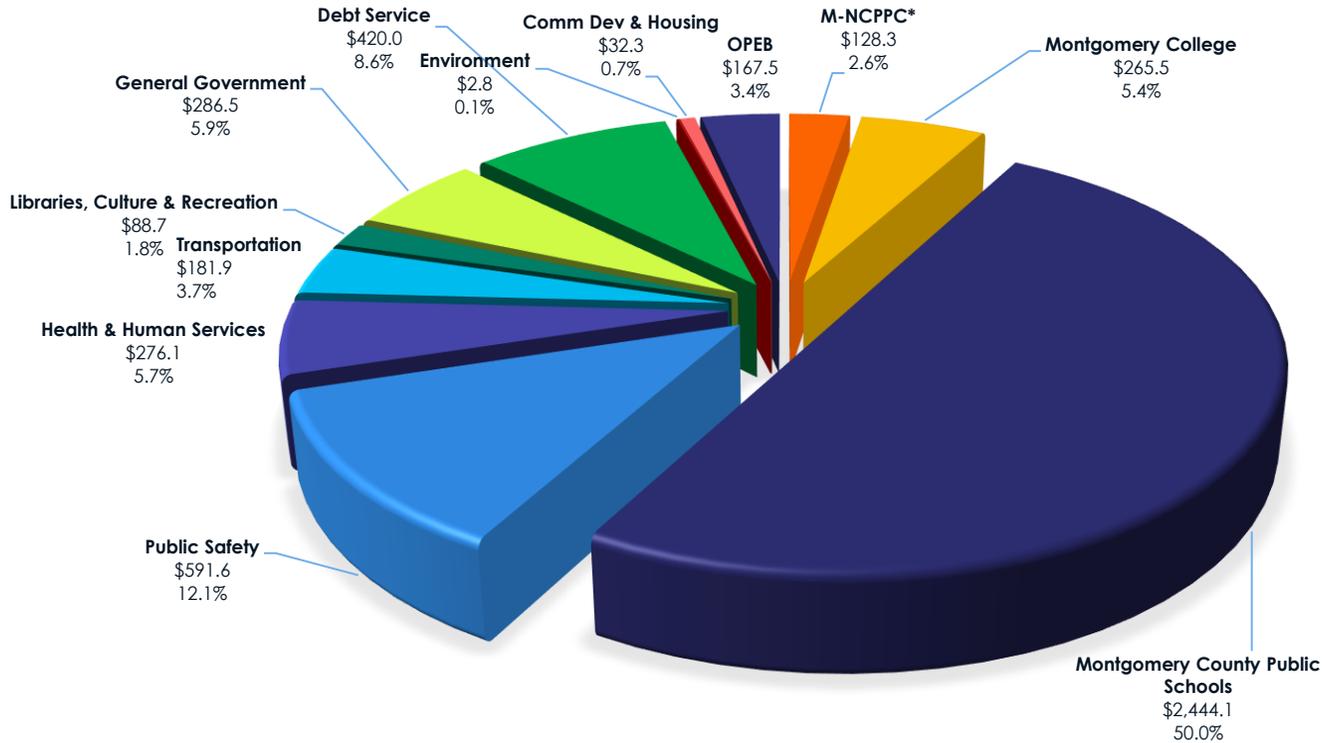
WHERE THE MONEY COMES FROM

TOTAL Revenues - \$5,644.2



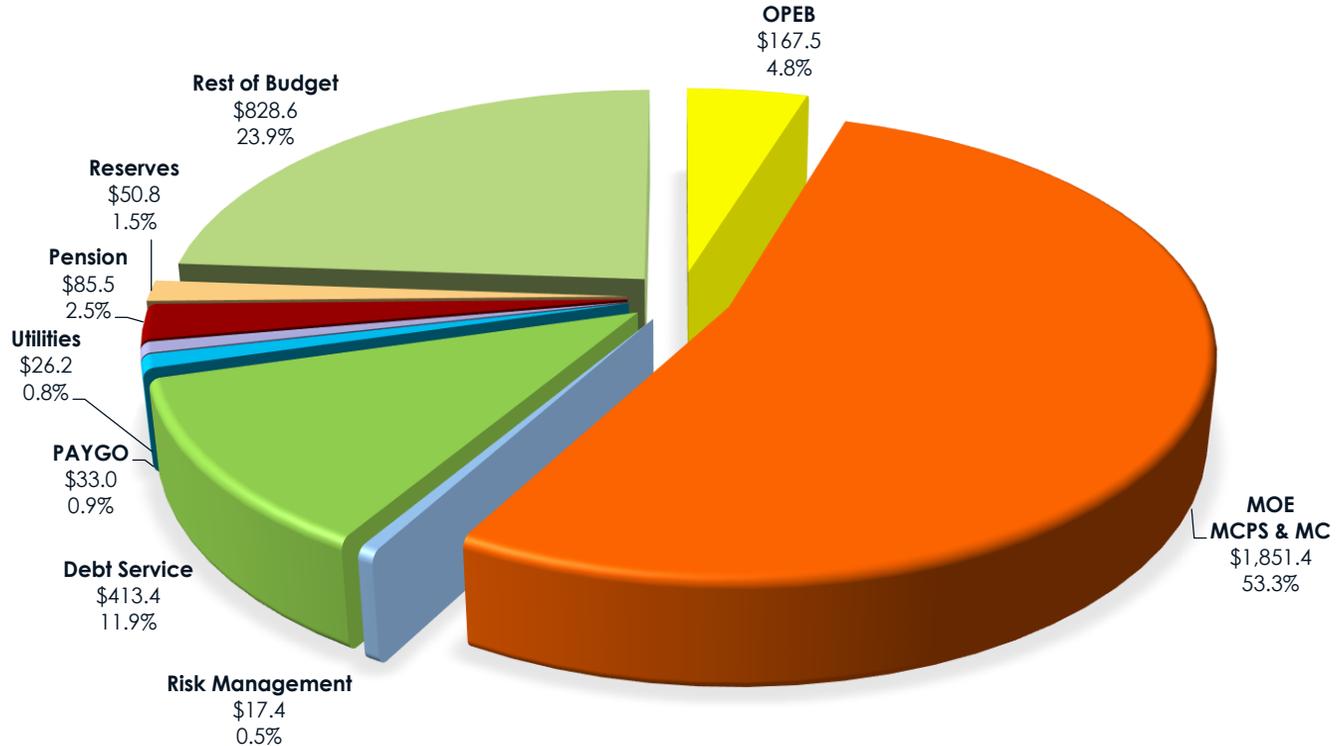
FY19 Expenditures by Function (millions)

TAX SUPPORTED EXPENDITURES - \$4,885.1



FY19 Fixed Costs as a % of General Fund revenue (millions)

TOTAL GENERAL FUND REVENUE - \$3,473.8

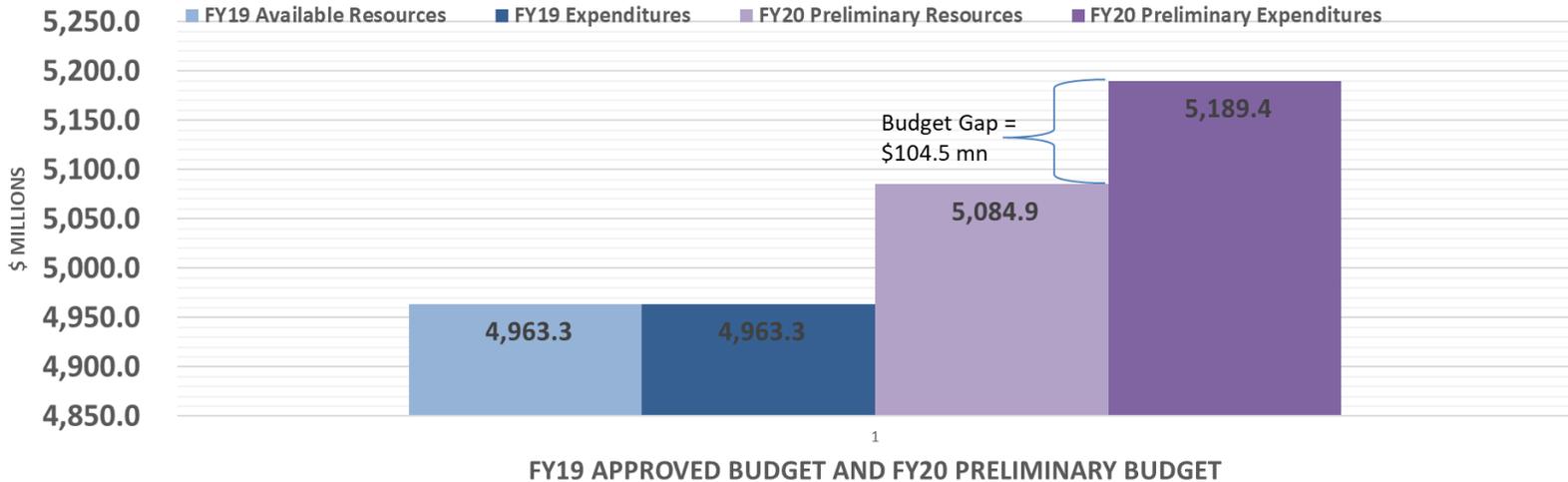


Selected Fiscal Assumptions: Resources

- ➔ Property tax revenues are projected at the Charter Limit (growth in property tax revenues cannot exceed inflation and new construction)
- ➔ Other tax revenues and user fees are projected at their current rates
- ➔ Level (flat) funding of existing intergovernmental aid formulas, which could change after the Governor releases the State budget

FY20 Fiscal Projection (as of Jan 2019)

FY19 Approved Budget and FY20 Preliminary Budget



FY20 Fiscal Projection (as of Jan 2019)

Required cost increases for:

- **Debt Service, Reserves, Retiree Health Insurance**
- **Maintenance-of-Effort requirement for MCPS and College**

Cost pressure is actually higher because other factors must be accounted for including:

- **Labor agreements – negotiations underway with the County unions**
- **Cost increases for group insurance, workers compensation, and general inflation**
- **Operating cost of new facilities and infrastructure**
- **Major known commitments for County Government departments and government-related agencies**

FY20 Fiscal Projection (as of Jan 2019)

Change in Resources – FY19 Approved Tax-Supported Budget compared to FY20 Preliminary Tax-Supported Budget	\$Millions
Additional Revenues	\$121.6
Additional Fixed Costs	
Debt Service	\$19.2
CIP Current Revenue / PAYGO	\$42.1
Legally Mandated Reserves	\$84.5
Set Aside for snow/supplemental appropriations	\$20.0
Total Additional Fixed Costs	\$165.8
Additional revenues less additional fixed costs	-\$44.1
MCPS budget request and same services level budget for MCG, College, and M-NCPPC	\$60.4
Revenues less Preliminary Tax Supported Budget	-\$104.5

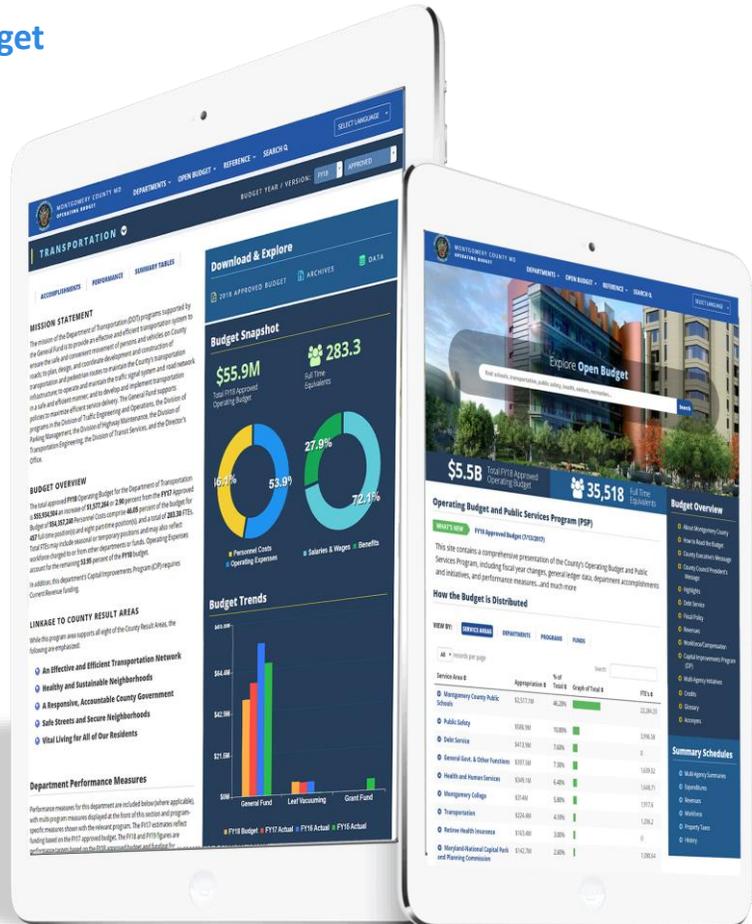
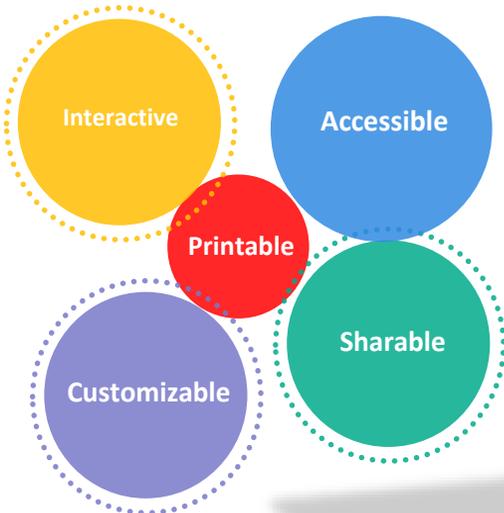
Community Participation



- ✓ **County Executive sponsored budget forums**
- ✓ **New online budget tool for public to “balance the budget”**
- ✓ **Listening sessions**
- ✓ **Boards, committees, and commissions**
- ✓ **Letters/emails**
- ✓ **County Council public hearings**

Open Operating Budget – new and IMPROVED!

montgomerycountymd.gov/openbudget



Open Capital Budget – including Projects and MAPS

montgomerycountymd.gov/openbudget

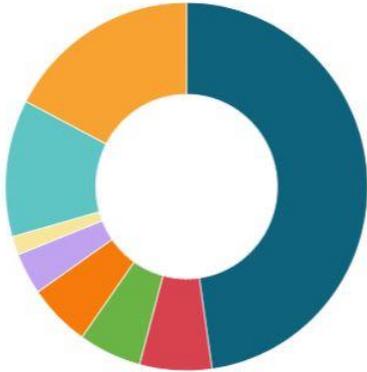


The Budget is a Balancing Act

You are in deficit.

-\$105.0m

Where the Money Goes



Spending

Montgomery County Public Schools: \$2.5b	>
Thriving Youth and Families: \$330.7m	>
A Growing Economy: \$288.2m	>
A Greener County: \$284.0m	>
Easier Commutes: \$188.6m	>
A More Affordable and Welcoming County: \$84.0m	>
Safe Neighborhoods: \$619.0m	>
Effective, Sustainable Government: \$891.6m	>

Revenue

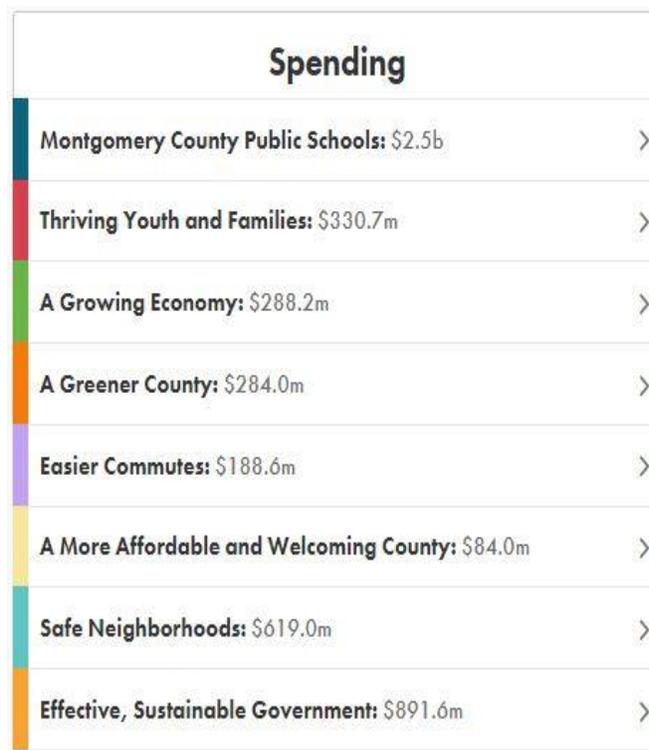
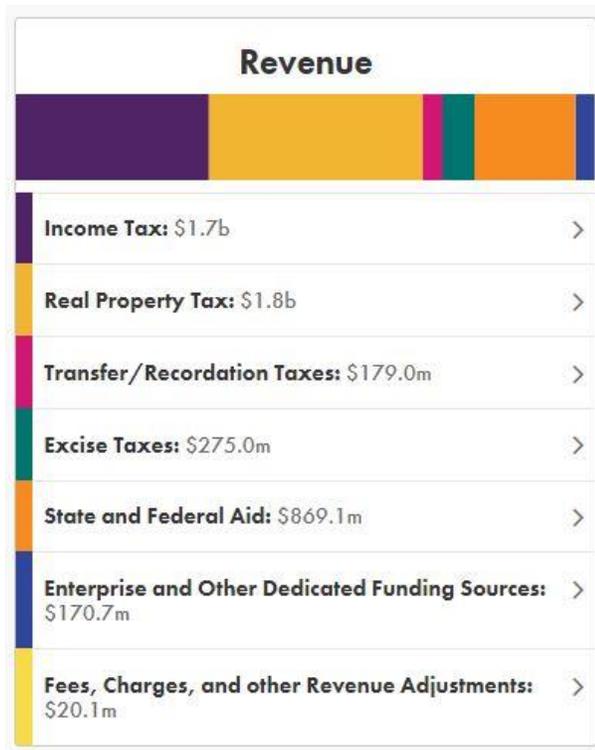


Income Tax: \$1.7b	>
Real Property Tax: \$1.8b	>

Submit

Reset all to start over

How Would You Balance the Budget?



Real World Decisions

Ride On Service: -\$2.8m

\$0.00

~~-\$2.8m~~

-\$2.8m

Montgomery County operates a comprehensive system of mass transit bus routes, called Ride On. The County currently operates 79 Ride On bus routes. Would you like to adjust the number of Ride On routes?

- Reduce one Ride On route with low ridership.
- Keep the number of Ride On routes the same.
- Add one Ride On route.
- Add two Ride On routes.

 Share

Opioid Crisis Services: \$463,220

\$0.00

\$463,220

\$463,220

One of the ways to respond to the County's opioid crisis is by providing additional space at residential rehabilitation centers. Would you like to provide additional residential rehabilitation treatment space?

- Reduce 10 residential rehabilitation treatment spaces.
- Do not provide additional residential rehabilitation treatment space.
- Provide 10 additional residential rehabilitation treatment spaces.
- Provide 20 additional residential rehabilitation treatment spaces.

 Share

 Comment

The Budget Must Be Balanced

You are in deficit.

-\$105.0m



You are balanced.



Submit

OMB Resources

Interactive Budget Development Forum – A Balancing Act

➔ <https://montgomerycountymd.gov/budgetsimulator>

Registration

➔ <https://www.montgomerycountymd.gov/omb/interactive-budget-development-forum.html>

OMB Website address

➔ <http://www.montgomerycountymd.gov/omb/>

Main Line

➔ 240-777-2800



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